
A BILL FOR AN ACT

RELATING TO THE ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD
SECURITY TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that, due to Hawaii's
2 reduced demand for fossil fuels, revenues from the barrel tax
3 have decreased over several years. Such decreases are expected
4 with the increased fuel efficiency of vehicles, use of hybrid
5 and electric vehicles, as well as renewable energy efforts in
6 other sectors of Hawaii's economy. However, the need to respond
7 to environmental issues has not diminished. In recent years,
8 funding for the programs supported by the environmental response
9 revolving fund have proven to be a challenge, as the revenues it
10 receives from its share of the barrel tax have decreased. The
11 legislature finds that funding environmental protection
12 projects, emergency response cleanups, and other efforts which
13 provide for public health by mitigating environmental health
14 hazards are a critical public service.

15 The purpose of this Act is to ensure ongoing funding for
16 environmental projects, in a transparent and stable manner, by:



1 (1) Repealing the distribution from the environmental
2 response, energy, and food security tax to the
3 environmental response revolving fund, established
4 pursuant to section 128D-2, Hawaii Revised Statutes;
5 and

6 (2) Appropriating general funds to provide continued
7 support of various environmental programs formerly
8 supported by distributions to the environmental
9 response revolving fund from the environmental
10 response, energy, and food security tax.

11 SECTION 2. Section 243-3.5, Hawaii Revised Statutes, is
12 amended by amending subsection (a) to read as follows:

13 "(a) In addition to any other taxes provided by law,
14 subject to the exemptions set forth in section 243-7, there is
15 hereby imposed a state environmental response, energy, and food
16 security tax on each barrel or fractional part of a barrel of
17 petroleum product sold by a distributor to any retail dealer or
18 end user of petroleum product, other than a refiner. The tax
19 shall be \$1.05 on each barrel or fractional part of a barrel of
20 petroleum product that is not aviation fuel; provided that of
21 the tax collected pursuant to this subsection:



(1) Before July 1, 2015, 5 cents of the tax on each barrel shall be deposited into the environmental response revolving fund established under section 128D-2;

(2) 15 cents of the tax on each barrel shall be deposited into the energy security special fund established under section 201-12.8;

(3) 10 cents of the tax on each barrel shall be deposited into the energy systems development special fund established under section [+]304A-2169.1[+]; and

(4) 15 cents of the tax on each barrel shall be deposited into the agricultural development and food security special fund established under section 141-10.

The tax imposed by this subsection shall be paid by the distributor of the petroleum product."

SECTION 3. Act 73, Session Laws of Hawaii 2010, as amended by Act 107, Session Laws of Hawaii 2014, is amended as follows:

1. By amending section 14 to read:

"SECTION 14. This Act shall take effect on July 1, 2010[+]
~~provided that sections 2, 3, 4, and 7 of this Act shall be~~
~~repealed on June 30, 2030, and sections 128D-2, 201-12.8, and~~



1 ~~243-3.5, Hawaii Revised Statutes, shall be reenacted in the form~~
2 ~~in which they read on June 30, 2010]."~~

3 2. By repealing section 10:

4 "[~~SECTION 10. Any unexpended or unencumbered funds~~
5 ~~remaining in the agricultural development and food security~~
6 ~~special fund established by this Act, as of the close of~~
7 ~~business on June 30, 2030, shall lapse to the credit of the~~
8 ~~general fund.]"~~

9 SECTION 4. There is appropriated out of the general
10 revenues of the State of Hawaii the sum of \$3,239,125 or so much
11 thereof as may be necessary for fiscal year 2015-2016 and
12 3,327,972 or so much thereof as may be necessary for fiscal year
13 2016-2017 for environmental management (HTH840) for
14 environmental programs and natural resource protection programs.

15 The sums appropriated shall be expended by the department
16 of health for the purposes of this Act.

17 SECTION 5. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 6. This Act shall take effect on July 1, 2015.



S.B. NO. 359 S.D. 1 H.D. 1 PROPOSED

Report Title:

Energy; Barrel Tax; Environmental Response, Energy, and Food
Security Tax; Appropriation

Description:

Removes the revenue distribution from the barrel tax to the
environmental response revolving fund beginning July 1, 2015.
Removes the sunset of the various funds related to the barrel
tax. (SB359 HD1 PROPOSED)

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